(b) if so, the details thereof and cost of the plan; and

(c) the steps taken and progress made in implementing the plan so far?

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY (SHRI KAPIL SIBAL): (a) The Central Government has neither received any proposal nor is aware of any plan to develop Pune and Mumbai as Biotech hub cities.

(c) and (d) Do not arise.

**Tax holiday for drug research and development**

3220. SHRI MANOJ BHATTACHARYA:
SHRI C. RAMACHANDRAIAH:

Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

(a) whether Government are planning to grant a ten year tax holiday to pharmaceutical companies engaged in research and development activities;

(b) if so, the details thereof;

(c) whether pharmaceutical companies doing research and development activities already enjoy huge tax exemption under the existing law and if so, the details therof;

(d) the amount spent by five top pharmaceutical firms on Research and Development activities during last three years, year-wise and firm-wise; and

(e) the details of medical research done during the period?

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY (SHRI KAPIL SIBAL): (a) and (b) Under Section 80IB (Sub-section 8A) of Income Tax Act, a ten years tax holiday is already being allowed to companies, including pharmaceutical companies, that are engaged in scientific research and development activities, provided the companies are approved by the Department of Scientific and Industrial Research after 31st March, 2000 and up to Ist April, 2007.

(c) Under Section 35 (sub-section 2AB) of Income Tax Act, companies engaged in the business of biotechnology or in the business of manufacture or production of drugs, pharmaceuticals, electronic equipment, computers telecommunication equipment, chemicals, aircrafts and helicopters, automobiles including automobile components or any other notified article, incurring any expenditure on scientific research (excluding cost of land and building) in their in-house R&D Centres approved by Department of Scientific and Industrial Research, are allowed a weighted tax deduction of a hundred and fifty percent of the expenditure so incurred, up to 31.3.2007. Expenditure on scientific research in relation to drug and pharmaceuticals shall include expenditure incurred on clinical drug trials, obtaining approvals from any regulatory authority under any Central, State or Provinical Acts and filing an application for a Patent.

(d) The top five pharmaceutical firms according to the amounts spent by them on R&D activities during the last three years, year-wise and firm-wise are as follows:—

(Amount in Rs. Crore)

| Sl.No. | Name of the company | 2002-03 | 2003-04 | 2004-05 |
|---|---|---|---|---|
| 1. | Ranbaxy Laboratories Ltd. (Calender Year-wise) | 192.17 (2002) | 276.3 (2003) | 399.65 (2004) |
| 2. | Dr. Reddy's Lab Limited | 163.49 | 226.05 | 297.79 |
| 3. | Sun Pharma Ind. Ltd. | 70.10 | 104.10 | 117.98 |
| 4. | Nicolas Piramal | 18.50 | 55.86 | 108.44 |
| 5. | Cadila Health Care Limited | 38.31 | 88.16 | 103.20 |

(e) Pharmaceutical companies are engaged in research for discovery and development of new drugs in areas such as oncology, cardio-vascular, urology, respiratory disorders, bacterial infections and metabolic disorders. Work has also been done on drug for anti-allergy and anti-inflammatory conditions. These companies are involved in identification and design of new molecules with the help of computer aided drug design. These are synthesized and screened in the laboratory using both-in-vivo and in-vitro experimental models of predict biological activity. Many of these identified molecules are at various stages of clinical trials.